



Legislative Department Seattle City Council Memorandum

Date: August 15, 2012

To: All Councilmembers

From: Mike Fong, Central Staff Analyst

Subject: **Summary of C.B. 117548: Amending the City Elections Code**

In April of this year, Councilmembers O'Brien, Burgess and Clark sent a memo to the Seattle Ethics and Elections Commission (SEEC) requesting their consideration of potential changes to the City's elections code related to campaign financing (attachment 1). Emerging local and national trends related to money in politics and a desire to strengthen provisions that guard against corruption (perceived or actual) led to the emergence of a package of possible campaign regulatory measures. Central Staff provided the Commission with background data and information related to the financing of local elections to help inform their discussion (attachment 2). The SEEC took public testimony, considered the issues and provided the Council with recommendations via letter on June 14 (attachment 3). Subsequently, at the direction of Councilmembers O'Brien and Burgess, Central Staff has prepared legislation to amend the elections code. This memo will summarize those proposed changes.

I. Modifying the election cycle and creating a narrower "fundraising window"

Current law specifies that the offices of Mayor, City Council and City Attorney are all on campaign election cycles that begin May 1 after a general election (for that office) and end on April 30 four years later. Because of staggered terms, at any given time, there are always two elections cycles underway. The following table illustrates the current list of City offices and the election cycles for each position:

Position	Current Election Cycle	Next General Election Date	Next Election Cycle	Number of Fundraising Months per Cycle
Mayor, City Council Positions 2, 4, 6, 8, and City Attorney	May 1, 2010 – April 30, 2014	November, 2013	May 1, 2014 – April 30, 2018	48
City Council Position 1, 3, 5, 7, and 9	May 1, 2012 – April 30, 2016	November, 2015	May 1, 2016 – April 30, 2020	48

The Seattle Municipal Code (SMC) allows for campaign fundraising to occur during an election cycle. This means for all City offices, campaign financial records need to be reconciled and closed roughly four months after a general election. However, on the immediate next day, campaigns can open new bank accounts and file financial disclosure forms and begin fundraising for the next general election to be held for that same office four years later.

The proposed legislation would amend the definition of “election cycle” in the SMC by establishing January 1 of the year of the general election for that office as the starting date for the cycle. The net-effect of this change would be to narrow the window of time all candidates (incumbents and challengers) for City elective office are allowed to raise funds for their campaigns from 48 months to 16 months. The table below illustrates the newly proposed election cycles for current officeholders:

Position	Proposed New Election Cycle	Next General Election Date	Proposed Next Election Cycle	Number of Fundraising Months per Cycle
Mayor, City Council Positions 2, 4, 6, 8, and City Attorney	January 1, 2013 – April 30, 2014	November, 2013	January 1, 2017 – April 30, 2018	16
City Council Position 1, 3, 5, 7, and 9	January 1, 2015 – April 30, 2016	November, 2015	January 1, 2019 – April 30, 2020	16

In effect, the proposed changes create a 32-month blackout period for candidate fundraising for each of the two 4-year sets of City elective office cycles. If approved, the amended code would not impact campaign expenditures, a candidate’s option to self-finance or non-fundraising related activities occurring outside of the newly defined election cycle timeframe.

II. Banning the option of creating post-election cycle “surplus funds” accounts

At the conclusion of an election cycle on April 30 after a general election, campaigns must dispose of any unspent, leftover funds. The SMC provides for several options including returning funds to donors, donating it to charity or transferring dollars to a political party or the state treasury.

Current law also allows successful candidates for elective office to transfer unspent, leftover funds from a campaign account to what is called a “surplus funds” account. Surplus accounts have the flexibility to be used for either 1) non-reimbursable official expenses while in public office and 2) transfer to a new campaign account for a future election. Surplus funds can be freely transferred at any time to a campaign account for a candidate’s re-election effort for the same office. If the candidate wishes to transfer surplus funds to a campaign for a different office, written permission must be sought from the donors attributable to the funds in the surplus account.

The proposed legislation would eliminate the option to create surplus funds accounts. However, candidates taking office could transfer unspent campaign funds into an “office fund.” An office fund functions in a similar manner as surplus funds accounts with respect to their use for non-reimbursable official expenses while in public office. The major difference is that office fund dollars do not have the flexibility of being transferred for use in future campaigns.

III. Timing of implementation and impact on current campaigns

Given that two overlapping election cycles are already underway, the legislation proposes transitional provisions to provide SEEC direction on how to administer the new campaign finance regulations going forward. All campaigns would be subject to the new election finance regulations on the effective date of the ordinance. Any funds remaining in a surplus funds account after the ordinance’s effective date would need to be disposed of according to the amended SMC within 60 days. If the ordinance goes into effect before the end of 2012, a blackout period on fundraising would begin immediately until the next election cycle begins on January 1, 2013 for City offices up for election in November of 2013. Candidates for offices up for election in November of 2015 would not be able to raise any funds until January 1, 2015.